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CURRENT ECONOMIC CONDITIONS IN TEXTILES AND CLOTHING: WOOL *

By

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A. Stock piles

1. The accumulation of stock piles of foreign wools during the war was for a military reserve.

Stock piles amounted to about 840,000,000 pounds.

United States owned 330,000,000 pounds

United Kingdom owned 510,000,000 pounds

- a. The United States- owned portion of the stock pile was disposed of in 1945-46 principally for consumption in this country.

- b. The part of the stock pile owned by the United Kingdom was reexported in 1945-46 chiefly for consumption abroad.

2. Accumulation of the Commodity Credit Corporation stocks of United States wools under Government purchase plan for 1943-46.

- a. About 550,000,000 pounds of 10/16 wools (includes 1946 wools yet to be purchased)

B. Trends in United States Production

1922 - 123,000,000 pounds (on scoured basis)

1942 - 204,000,000 pounds (on scoured basis)

1947 - 144,000,000 pounds (on scoured basis)

Since 1942 there has been a downward trend in production. The reason is that the cost of production rose about 70 per cent while income rose about 40 per cent. This disproportionate increase between cost of production and income caused growers to liquidate.

C. Trend in United States consumption

There has been a rapid increase in the amount of wool used during the recent war years.

1922 - 25 271,000,000 pounds

1931 - 33 224,000,000 pounds

1936 - 40 270,000,000 pounds

1941 - 45 569,000,000 pounds

Probable 1946 - 50 375,000,000 pounds (about 50 per cent foreign wool)

D. Approximate price relationships, current and prospective:

1. Current Boston prices:

- a. For duty-paid foreign wools 50s and finer) about \$1.05

MAY 27 1947

MAY 15 1947

- b. For domestic wools about \$1.07
- 2. Without Government price support and duty-paid foreign wools averaging \$1.05, the price to the grower would be .32 cents (in the grease).
- 3. Without Government price support and duties on foreign wools lowered 50 per cent, the price to the grower would be 26 cents (in the grease).
- 4. Possible effect on United States production, consumption, and per centage of foreign wool consumed in the United States.
 - a. Unless United States costs are lowered sharply, under D3 the United States production would probably be about halved from the estimated 1947 output. Only the most favorably located, most efficient, could continue with wool at 26 cents in the grease.
 - b. With United States mills able to work normally under these conditions, United States consumption ~~would probably undergo~~ no striking change.
 - c. With a United States consumption of 375,000,000 pounds of scoured wool, and a production of about 75,000,000 pounds a year, imported wools would amount to approximately 200,000,000, or 80 per cent of consumption.
 - d. With United States mills unable to work normally, mill consumption in this country would be much smaller and the difference in consumer requirements would be supplied by importers of wool textiles.

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